

City of Dublin

Measure B Funds

Dublin, California

*Financial Statements and
Independent Auditor's Reports*

For the year ended June 30, 2022

City of Dublin
Alameda County Transportation Commission – Measure B Funds
Financial Statements
For the year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Dublin
Dublin, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Measure B Funds (Measure B Funds) of the City of Dublin, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Measure B Funds of the City, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Measure B Funds of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure B Funds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Measure B Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure B Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure B Funds' financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements.

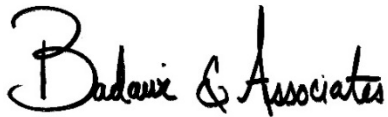
The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the

To the Honorable Mayor and Members of the City Council
of the City of Dublin
Dublin, California
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financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Badawi & Associates, CPAs
Berkeley, California
December 2, 2022

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City of Dublin

Alameda County Transportation Commission- Measure B Funds

Balance Sheet

June 30, 2022

	ACTC Streets and Roads	ACTC Bikes and Pedestrians	Total
ASSETS:			
Cash and investments	\$ 908,466	\$ 337,815	\$ 1,246,281
Direct local distribution program receivables	7,735	2,802	10,537
Total assets	<u>\$ 916,201</u>	<u>\$ 340,617</u>	<u>\$ 1,256,818</u>
LIABILITIES:			
Accounts payable and accrued liabilities	\$ -	\$ 577	\$ 577
Total liabilities	<u>-</u>	<u>577</u>	<u>577</u>
Fund Balances:			
Restricted	916,201	340,040	1,256,241
Total fund balances	<u>916,201</u>	<u>340,040</u>	<u>1,256,241</u>
Total liabilities and fund balances	<u>\$ 916,201</u>	<u>\$ 340,617</u>	<u>\$ 1,256,818</u>

See accompanying Notes to Financial Statements.

City of Dublin

Alameda County Transportation Commission- Measure B Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2022

	ACTC Streets and Roads	ACTC Bikes and Pedestrians	Total
REVENUES:			
Measure B revenue	\$ 542,520	\$ 196,506	\$ 739,026
Interest Income	8,939	3,056	11,995
Total revenues	551,459	199,562	751,021
EXPENDITURES:			
Bikes and Pedestrians	-	6,655	6,655
Streets and Roads	530,455	57,711	588,166
Total expenditures	530,455	64,366	594,821
REVENUES OVER (UNDER) EXPENDITURES	21,004	135,196	156,200
FUND BALANCES:			
Beginning of year	895,197	204,844	1,100,041
End of year	\$ 916,201	\$ 340,040	\$ 1,256,241

See accompanying Notes to Financial Statements.

City of Dublin

Alameda County Transportation Commission – Measure B Funds

Notes to Financial Statements

For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Commission – Measure B Funds (Measure B Funds) of the City of Dublin, California (City), are included as a separate special revenue fund in the basic financial statements of the City. Measure B Funds are used to account for the City’s share of revenues earned and expenditures incurred under the City’s local streets and roads, and bike and pedestrian programs. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position or results of operations of the City.

B. *Basis of Accounting and Measurement Focus*

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, wherein only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. *Fund Accounting*

The operations of the Measure B Funds are accounted for in separate special revenue funds. The funds are separate accounting entities with a set of self-balancing accounts which comprise their assets, liabilities, fund equity, revenues, and expenses.

D. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. MEASURE B FUNDS

Under Measure B, approved by the voters of Alameda County in 1986 (ACTA Old Measure B) and in 2000, (ACTC Measure B), the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes but, rather, would be used for additional projects and programs.

Major projects funded by Measure B were as follows:

Streets and Roads Program – To improve, repair, and overlay city streets.

Bike and Pedestrian Program – To provide sidewalk and American Disability Act (ADA) improvements and to implement the bikeway network.

City of Dublin
Alameda County Transportation Commission – Measure B Funds
Notes to Financial Statements
For the year ended June 30, 2022

3. CASH AND INVESTMENTS

Measure B funds are pooled with the City’s cash and investments in order to generate optimum interest income.

The City pools its available cash for investment purposes. The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Measure B Funds had the following cash and investments at June 30, 2022:

Cash and Investments	\$ 1,246,281
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A. Investments

Under the provisions of the City’s investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Negotiable Certificates of Deposit	5 years	A-1	30%	20%
Bankers' Acceptance	180 days	A-1	40%	20% of Portfolio
U.S. Treasury Bills and Notes	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities	5 years	N/A	25% for callable	35%
California Asset Management Program	N/A	N/A	No Limit	No Limit
Commercial Paper	270 days	A-1	25%	20% of Portfolio
Time Certificates of Deposit	1 year	N/A	10%	No Limit
State Local Agency Investment Fund	N/A	N/A	No Limit	No Limit
Asset-Backed Securities	5 years	AA	20%	5%
Medium-Term Notes	5 years	A	30%	5%
Mutual Funds	N/A	AAA	20%	10%
Money Market Funds	N/A	AAA	20%	No Limit
Municipal Securities	5 years	A	No Limit	5%
Supranationals	5 years	AA	30%	10%

City of Dublin
Alameda County Transportation Commission – Measure B Funds
Notes to Financial Statements
For the year ended June 30, 2022

3. CASH AND INVESTMENTS, Continued

A. Investments, Continued

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units. The City's investments are carried at fair market value as required by generally accepted accounting principles. The City accounts for all changes in fair value that occurred during the year and are reflected in the fund balance for the fiscal year. These investment value changes are unrealized since the City's policy is to generally hold and buy investments until maturity dates.

B. Risk Disclosures

Interest Risk – Interest rate risk is the fluctuation in fair value of investments due to changes in interest rates. The City's exposure to losses caused by rising interest rates is minimized by limiting the average maturity of the City's investment not to exceed five years.

Credit Risk – Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligation. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City's exposure to credit risks.

Custodial Credit Risk – The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

C. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2022, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022, the City invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF fair value factor of .98712 was used to calculate the fair value of the investments in LAIF.

City of Dublin

Alameda County Transportation Commission – Measure B Funds

Notes to Financial Statements

For the year ended June 30, 2022

4. DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLES

The receivables represent the Measure B sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2022.

5. COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

SUPPLEMENTARY INFORMATION

City of Dublin

Alameda County Transportation Commission – Measure B Funds

Supplementary Information

For the year ended June 30, 2022

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- Prior to June 30 the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The public is given an opportunity to comment on the budget at a noticed City Council meeting. Prior to July 1, the budget is legally enacted through passage of a resolution.
- During the fiscal year, the City Manager is authorized to transfer budgeted amounts between line items, provided that the transfer is within the same fund, regardless of the specific department activity. This include the authority to transfer from the General Fund budgeted contingency amounts that are approved by the City Council during the budget adoption. The City Manager is authorized to increase revenue and expenditure budget for various departmental functions, when the net budget impact is zero.
- The City Manager is authorized to increase the appropriations for the following fiscal year in an amount not to exceed the amount of funds encumbered or designated by the City Manager as needed for expenses that did not occur prior to the year-end, but are expected to be expended in the next year consistent with the original purpose.
- As part of the annual Budget adoption the City Council authorizes the carry-over unexpended capital project appropriations, for those projects where work and expenditures will continue in the subsequent year.
- Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds and capital projects funds.
- Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with generally accepted accounting principles in the United States.

City of Dublin

Supplementary Information, Continued

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Measure B - ACTC Streets and Roads

For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Measure B revenue	\$ 594,000	\$ 594,000	\$ 542,520	\$ (51,480)
Interest Income	3,000	3,000	8,939	5,939
Total revenues	597,000	597,000	551,459	(45,541)
EXPENDITURES:				
Streets and Roads	572,000	1,186,161	530,455	655,706
Total expenditures	572,000	1,186,161	530,455	655,706
Net change in fund balance	\$ 25,000	\$ (589,161)	21,004	\$ 610,165
FUND BALANCE:				
Beginning of year			895,197	
End of year			\$ 916,201	

City of Dublin

Supplementary Information, Continued

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Measure B - ACTC Bikes and Pedestrians

For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Measure B revenue	\$ 216,000	\$ 216,000	\$ 196,506	\$ (19,494)
Interest Income	1,500	1,500	3,056	1,556
Total revenues	217,500	217,500	199,562	(17,938)
EXPENDITURES:				
Bikes and Pedestrians	18,000	18,000	6,655	11,345
Streets and Roads	18,400	403,117	57,711	345,406
Total expenditures	36,400	421,117	64,366	356,751
Net change in fund balance	\$ 181,100	\$ (203,617)	135,196	\$ 338,813
FUND BALANCE:				
Beginning of year			204,844	
End of year			\$ 340,040	



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable Mayor and Members of City Council
of the City of Dublin
Dublin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure B Funds (Measure B Funds) of the City of Dublin, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

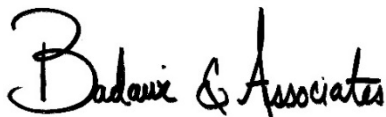
To the Honorable Mayor and Members of City Council
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure B Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
December 2, 2022



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR MEASURE B

Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council of the City of Dublin
Dublin, California

Report on Compliance for Measure B

Opinion on Compliance for Measure B

We have audited City of Dublin's (City) compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission that could have a direct and material effect on its Measure B 2000 Funds (Measure B Funds) for the year ended June 30, 2022.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Measure B Funds for the year ended June 30, 2022.

Basis for Opinion on Measure B

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the agreement between the City and Alameda County Transportation Commission. Our responsibilities under those standards and are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the City's Measure B Funds. Our audit does not provide a legal determination of the Measure B Funds compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's Measure B Funds.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Measure B Fund's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Measure B Fund's compliance with the requirements of the agreement between the City and Alameda County Transportation Commission.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Measure B Funds' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the agreement between the City and Alameda County Transportation Commission, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Under Measure B, approved by the voters of Alameda County in 2000, the City has received a total of 12 months of revenue from July 2021 through June 2022. The Local Street and Roads program has received \$542,520 and the Bike and Pedestrian program has received \$196,506.

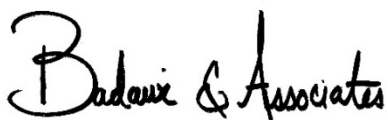
Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the agreement between the City and the Alameda County Transportation Commission on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the agreement between the City and the Alameda County Transportation Commission will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the agreement between the City and the Alameda County Transportation Commission that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the agreement between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Badawi & Associates, CPAs
Berkeley, California
December 2, 2022